When we give a short account of the record of Hungarian social policy, it must be pointed out that the same consistent social spirit prompted the passing of new laws, reforms and other regulations, and the establishment of new institutions. It was through no fault of the Government that the development was not continuous, and temporary interruptions impeded its progress. These were caused by the above-mentioned political and social events. In the beginning, when the Hungarian state had to be reorganized out of almost nothing, the execution of the Government's plans was hindered by poverty, stagnation of production and by inflation. In spite of all these obstacles the Government put through the Land Reform Bill of 1920. After consolidating the affairs of the state, the second stage of social progress arrived, which lasted until 1931. During this period the rate of progress was significant. This stage was marked by rapid economic growth and industrialization. Hungary was then able to eliminate most of the differences which existed between her social legislation and that of the more advanced European nations. The third stage of development could be entered upon only after the second international control of our finances came to an end in 1938. This stage was one of innovations.

It was a salient feature of Hungarian social policy that it was always co-ordinated with the actual productive capacity of the country. Laws which could not be carried out were never enacted. The social policy of the state avoided bringing the country to the brink of bankruptcy, as for instance was the case in Czecho-Slovakia, where there was no harmony between the social and economic programme of the country. At the time of that Republic's dissolution, the consequence of this lack of harmony was

the virtual collapse of its indisputably advanced social institutions, especially its social insurance system. The laws enacted in Hungary had a sound economic basis.

In introducing this subject it was deemed opportune to stress these points because hostile propaganda systematically endeavours to convince public opinion in other countries that Hungary is a backward, feudalistic state, led by anti-social elements. Our answer to these charges is the simple recording of facts.

Regarding the social achievements of the pre-war years, we would only refer now to the fact that in the early days of industrial capitalism, Hungary was the fifth among the European nations to regulate child labour, as far back as 1840. She not only anticipated most of the other countries in this respect, but she secured wider protection for her child workers than even England did. It was a distinctive feature of pre-war social legislation that the system of compulsory sick-benefit insurance for workmen was established in Hungary in 1891, not many years after similar legislation in Germany and in Austria. At the time of the well-known Bismarckian social policy, important legislation along the same lines was instituted in Hungary as well.

Hungary, which was designated as a backward and anti-social nation, was the fourth country in Europe to inaugurate institutional family allowances. Hungary, stigmatized as a feudalistic state, distributed more than one million acres of arable land to her small farmers through land reforms after the war. Up to 1942 almost two million acres had been allocated for this purpose. At the time of the first land reform bill 260,000 families received lots for building homes. A second bill, recently instituted, will set

aside an equal amount of land for distribution among those whose security is desirable not so much for economic but rather for social and national reasons.

Post-war Hungary took the lead in Europe in regulating night work and woman and child labour, anticipating in some instances the recommendations of the International Labour Office at Geneva. The system of minimum wages, paid holidays and the restriction of working hours was established at an early date. This system not only covered the regulation of wages in industry, in which it is in force almost 100 per cent, but in agriculture as well, though in the latter it will be necessary to surmount considerable difficulties. The crowning achievement of Hungarian social progress was the new family protection policy, which is administered by a separate institution. Through its state-wide organization it has helped tens of thousands of large families in the country to own their own homes, and raised the living standard of the agrarian population by giving not only economic help, but moral support and vocational guidance as well.

The second world war — in which Hungary participates — necessitated the curtailment of certain social services, as was the case in many other countries. For instance, the regulations governing the limitation of the working week were suspended. Further, for the duration it was made possible for employers to compensate their workers for paid holidays. On the whole, it has not only been possible to maintain the pre-war social standards but to raise them as well. In the 1943 budget 250 million pengős are earmarked for expenditures of a social nature. This amount equals one fourth of the average peace-time budget. The trend of social policy as practised in Hungary and in most other

241 States during the past twenty years aggravated rather than
728 improved the position of the Hungarian agrarian elements in their midst.

241 The density of the rural population and the ratio of
425 the farmers to the rest of the community proves definitely that this fundamental social problem cannot be solved merely by dividing up the land. Nevertheless important steps have been taken in Hungary in favour of dividing the land more equally, and these on the whole were more far reaching than in the surrounding states. Under the land reform of 1920 more than one million Hungarian acres of arable land were distributed, and in connection with this reform 260,000 building lots were made available for the needy rural population. In 1936, 1940 and in 1941 other land reform measures were introduced in Parliament. Up to 1942 the following figures illustrated the division of the land :

Through state activities in this field 1,400,173 Hungarian acres (about 1,950,000 English acres) and 456,757 acres through subdivision by private concerns were distributed. In the course of the land reform of 1920, 1,045,628 Hungarian acres, and the Land Settlement Act of 1936 354,487 Hungarian acres were allotted. The almost 2 million acres divided up equals 67·5% of the estates of over 1000 acres in private hands, and is considerably more than all the arable land of these estates.

The number of the small farms in Hungary is constantly and rapidly increasing and this process has not been stopped but is being stimulated by intensified political
241 activity. In 1935 the distribution of arable land according
423 to the size of the farms compared with Germany and Italy was as follows :

	Total of farm land, hectares	Farms less than 50 hectares area	%	Farms more than 50 hectares area	%
Germany (1939)	53,209,000	28,690,000	53·8	24,519,000	46·2
Hungary (1935)	9,105,000	4,931,000	54·2	4,174,000	45·8
Italy (1930) ...	26,251,744	15,342,691	58·5	10,909,053	41·5

Since then the situation has been changed abroad and in Hungary as well, and a decided trend is evidenced in Hungary in favour of small holdings.

Laws concerning Jewish property.

The laws concerning the economic position of the Jews in Hungary augmented this trend. Under the first law 820,000 acres of farm land owned by the Jews had to be registered with the state and this area of land will be increased by 500,000 acres of forest land to be registered under the second law. Instructions were given that the title of approximately 400,000 acres out of the 820,000 should be transferred. Not only agricultural but national and social aspects will be served by the adjustment of Jewish property rights in estates.

The Hungarian agrarian policy, making use of the experience gained from the first land reform, is not swayed by the battle-cries of the demagogues demanding the distribution of the land at any cost, but is striving to create as many financially strong agricultural units as possible and to raise the living standards of the rural population. The discernment of the true needs of the agrarian population made the Government realize that the problems of the rural population cannot be solved by any one occas-

425 sional reform, but only by carrying out a continuous and
241 progressive programme.

The System of Protected Ownership.

241 The greatest blemish on the economic and social
426 structure of the agrarian community was the heavy in-
458 debtedness of the farmers. During the prosperous years after 1927 with their favourable prices and ready market, the farmers contracted extensive debts for making capital improvements in their land. The precipitous drop in farm income due to the financial crisis of 1931 left some of the farmers unable even to meet the interest payments on their debts. Wholesale foreclosures threatened, and the world-wide depression barred any hope of tens of thousands of farmers remaining secure in their tenure without outside help.
241 The Government, fully cognizant of the danger threatening
426 them, came to their rescue by first reducing the interest rate
652 on farm debts and then by prohibiting foreclosures. When these measures were found to be insufficient, the Government created the system of 'protected ownership' Under this system the interest payment relief and prohibition of foreclosures were continued and the Government also made provision for the definitive settlement of farm debts.

The small farmers were the ones who reaped the greatest benefits from this system. Among other grants-in-aid the Government paid gratuitously part of the short term bank debts of those farmers who cultivated less than 20 Hungarian acres of "protected" land. This was done before the general settlement of the farm debts took place, which covered these farmers also. During this settlement the Government assumed as a book debt that part of the farmers' indebtedness which was in

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425 A drastic land reform was undoubtedly the most significant step
471 toward the economic reconstruction of Hungary. This reform was carried out during the period of political truce which characterized the first few months of coalition rule. An executive decree was issued in March 1945 aimed at the confiscation of all lands owned by individuals of a pro-National Socialist record, and at the expropriation of all estates larger than two hundred acres. Farm lands exceeding this size were seized in their entirety without official compensation. Former owners could keep their land only if they were farmers themselves, if they fought against the Nazis or in recognition of special service in the national resistance movement. Farm animals and all forms of agricultural equipment were taken with the estate; land obtained in this manner was divided among small landowners and landless peasants. It was also stated that newly created estates may not exceed one hundred acres.[38]

The objective of this decree was obviously a thoroughgoing redistribution of landed property, a governmental effort "to realize through the abolishment of large estates the old dreams of the Hungarian Peasant, handing over to him his due share of the soil."[39] As the pre-war semi-feudal social structure showed many signs of crumbling, this post-war reform was timely indeed. It compares in some respects favorably with the limited agrarian reform of 1920 which, forced through a reluctant Parliament by István Szabó's early Smallholders Party, left large and medium-sized estates amounting to well over
525 fifty-percent of the land. There were close to three million landless
423 peasants and "dwarf land-holders" who depended for a livelihood mainly on casual labor and payments in kind. The large number of agricultural workers with no definite or fixed employment kept wages low and living conditions almost insufferable. The vast reserve of agricultural manpower contributed both to the unsteadiness of employment and to widespread social discontent; this agrarian problem led

38 This governmental decree was subsequently confirmed by Parliament and included in Law IX of 1946, officially published in May, 1946 as the Land Settlements and Conclusion of the Land Reform Act. The Act also states that "the land of persons who fled to Germany after October 15, 1944, and did not return therefrom by October 31, 1945, will without exception be confiscated." (par. 17.) For further details on economic policies and administrative procedures, Cf. "Chiffres Sur le Ravage et la Résurrection de la Hongrie," *Cahiers de la Nouvelle Hongrie*, Budapest, 1946, p. 17 *et seq.* In English language, cf. László Faragó, "Private Property and Nationalization," *New Hungary*, Dec. 20, 1946, Vol. I No. 7, p. 3.

39 Cf. The Preamble to the decree and the ensuing Act which states that "the system of latifundia will be destroyed in its foundations by the reform of landed property." Law IX–1946.

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to political maladjustments and eventually to the rise and success of extremist political movements.

Set against this unhappy social background the land reform gains added significance. The redistribution of land involved about seven million acres and some 525,000 persons benefitted from it. A few exceptional land owners were allowed to keep as much as 400 acres, but on the whole, the large feudal estates so characteristic of the country disappeared in a few months.[40] But there is also a negative aspect. Although the land reform succeeded in breaking the power of feudal latifundia, it did not solve all of Hungary's agricultural problems. The new beneficiaries are directly responsible for a considerable decrease in national production for many of them have been in desperate need of agricultural equipment and implements. The machine industry could not supply this equipment as it has suffered more severely than any other major industry of the country. It will certainly be long before agriculture recovers and in the meantime, a full-fledged reconstruction of national industry is the principal post-war problem, as well as the key to recovery.

The three year plan officially announced in January 1947 is centered around the overall objective of restoring industry to the 1938 level of production. This comprehensive plan was prepared by special experts of the Social Democratic and Communist Parties with the cooperation of two ex-Hungarian professors of economics, the Communist expert Jenö Varga of Moscow and Nicholas Káldor of London. Administrative details of this national plan closely parallel the Czech, Polish and Yugoslav projects, which propose to reach the economic levels of the last peace-time year by intensive national effort of two to five years of agricultural and industrial reconstruction. Two features are prominent in the Hungarian three year plan; the forced nationalization of mines and industry, and the establishment of new labor unions as a means of broadening the workers' participation in the country's economic life.

40 The land reform measure itself was hastily drawn up and carried out, yet it was the only way to induce peasants to undertake any cultivation in 1945. Consequently by 1946 over 90% of the agricultural land was sown. Cf. "Prospects for Agriculture, Danubian Outlook," *The Economist*, Jan. 4, 1947, pp. 6-7. The land reform was at least as much of a political and social measure as an economic move. As such it had a number of further implications; "a radical change as this cannot be carried out without jolts and jerks. Only after all available lands have been distributed will it be possible to appraise the economic and social consequences." R. Vambery, *Hungary—To Be or Not To Be*, pp. 177-178. For an official English language account cf. "Land Reforms and Reconstruction," Istvan Száva, *New Hungarian Domestic Policy*, pp. 29-32.

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425 471 [316] Coal mines were first on the list in the nationalization of resources. The nationalization of coal mines was logically followed by all other sources of energy and by power plants, many of which were owned by foreign corporations. In this respect the same aggressively anti-foreign methods were used that proved so successful in Rumania and Czechoslovakia. Next step in this cycle was the temporary nationalization of heavy industries for a period of at least six years. According to the brief decree of Minister of Industry, Antal Bán, the State will assume direct control of all industries through a Council of Directors which will replace the former system of capitalist owners and boards of directors managing individual corporations.[41] The new Council will serve as the employer of at least 100,000 individual workers and will reach all major executive decisions. The Minister of Industry will, in exceptional cases, serve as the final forum of appeal. Industrial profits will go to the State; if there are losses of operation the State will bear them.

Similar decrees of nationalization have recently been drafted for banks, for all forms of mining and for firms engaged in the distribution of agricultural products. Simultaneously the entire field of domestic and foreign trade was brought under the control and jurisdiction of a new Supreme Economic Council, headed by a leading member of the Communist Party, Zoltán Vas. The Council consists of the members of a new political-managerial class, replacing the earlier group of business leaders who became the victims of Fascist persecution.[42]

467 The three year plan has also provided for the creation of numerous labor unions. Since 1944 the railwaymen, post-office workers, heavy industrial workers and even government employees have formed unions, all of them in branches of industrial and public life where they had been strictly forbidden under earlier regimes. Today the unions are Communist controlled; as early as January 1946 their Communist members joined forces with the left-wing Socialists and as a majority acquired all the key-posts. The Smallholders have only scant representation. The Trade Union Council which is a group of leaders

41 Cf. *Magyar Nemzet*, Nov. 24, 1946, p. 3, for the first official announcement of the government's action, under the heading "Forced Nationalization of Hungary's Heavy Industry."

42 "The National Socialists arrested and later deported *all the leaders of Jewish political and business life* and journalists, together with the Hungarian democratic and anti-Fascist politicians." *Nazi Conspiracy and Aggression*, U. S. Government Publication (Washington, D. C., 1947). Vol. I, Chap. XI, p. 955. (Italics mine.)

1/1 [cf. category 116, pp. 317 --- Analyst]